

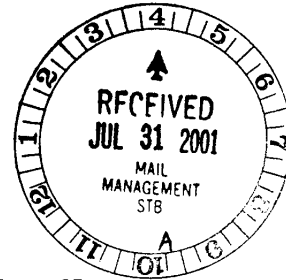


First Union Rail Corporation
One O'Hare Centre
6250 River Road, Suite 5000
Rosemont, IL 60018
Tel 847 318-7575
Fax 847 318-7588

VIA UPS SECOND DAY AIR

July 27, 2001

Mr. Vernon E. Williams
Surface Transportation Board
1925 K Street, N.W., Room 704
Washington, DC 20423-0001
Attn: Recordation of Railroad Equipment



Re: Notice of Termination of Lease and Termination of Memorandum of Lease

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) originals and two (2) copies of a Notice of Termination of Lease and Termination of Memorandum of Lease, dated July 13, 2001, a secondary document as defined in the Board's Rules for the Recordation of Documents. The enclosed document relates to the Memorandum of Lease which was duly filed with the Commission under Recordation Number 23352.

The names and addresses of the parties to the enclosed document are:

| | | | |
|---------|------------------------------|---------|--------------------------------------|
| Lessor: | First Union Rail Corporation | Lessee: | International Rail Road Systems Inc. |
| | One O'Hare Center | | P.O. Box 70 |
| | 6250 River Road, Suite 5000 | | Laurier, WA 99146 |
| | Rosemont, IL 60018 | | |

A description of the railroad equipment covered by the enclosed document is one (1) GP-9 EMD locomotive marked IRRS 4519.

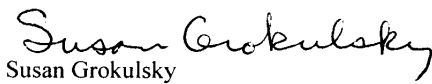
A short summary of the document to appear in the index follows:

Notice of Termination and Termination of Memorandum of Lease between First Union Rail Corporation, Lessor and International Rail Road Systems, Lessee, covering one (1) GP-9 EMD locomotive marked IRRS 4519.

Also enclosed is a check in the amount of \$28.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one (1) stamped original of the enclosed document to the undersigned along with the additional copies.

If you have any questions or concerns regarding the above-referenced matter, please feel free to contact me at (847) 384-5355. Thank you for your cooperation in this matter.

Very truly yours,


Susan Grokulsky
Manager - Documents Administration

Enclosures

(IRRS001)

RECORDATION NO. 23352-A FILED

AUG 3 '01 1:01 PM
TS
SURFACE TRANSPORTATION BOARD

**NOTICE OF TERMINATION OF LEASE
AND TERMINATION OF MEMORANDUM OF LEASE**

This NOTICE OF TERMINATION OF LEASE AND MEMORANDUM OF LEASE is made as of this 13th day of July, 2001, by and between FIRST UNION RAIL CORPORATION, whose mailing address is One O'Hare Centre, 6250 River Road, Suite 5000, Rosemont, Illinois 60018, as Lessor, and INTERNATIONAL RAIL ROAD SYSTEMS INC., as Lessee, whose address is P.O. Box 70, Laurier, WA 99146.

WITNESSETH:

WHEREAS, Lessee entered into a Lease Agreement with Lessor, pertaining to one (1) GP-9 EMD locomotive marked IRRS 4519 as covered in the Memorandum of Lease dated November 1, 1998, with respect thereto, which was recorded with the Surface Transportation Board on January 23, 2001, in Recordation File No. 23352;

WHEREAS, the above-described lease between First Union Rail Corporation, as Lessor and International Rail Road Systems Inc., as Lessee has been terminated; and

NOW, THEREFORE, the parties desiring to clarify the public record state as follows:

1. This Notice serves as notice that the lease between First Union Rail Corporation and International Rail Road Systems Inc., as Lessee, relating to one (1) GP-9 locomotive and evidenced by the MEMORANDUM OF LEASE filed with the Surface Transportation Board and recorded under Recordation No. 23352, has been terminated in all respects.
2. All of the interest of the Lessee, its successors and assigns, in the equipment arising pursuant to the Lease have been terminated.
3. Lessor and Lessee agree to record this Notice of Termination of Lease and Termination of Memorandum of Lease so as to release the lien with respect to the Equipment.

IN WITNESS WHEREOF, the parties hereto have caused this NOTICE OF TERMINATION OF LEASE AND TERMINATION OF MEMORANDUM OF LEASE to be duly executed by their duly authorized representatives as of this 13th day of July, 2001.

RECORDATION NO. 23352-A FILED

AUG 3 '01 1:01 PM

SURFACE TRANSPORTATION BOARD

LESSOR:

FIRST UNION RAIL CORPORATION

ATTEST:

By: Richard F. Seymour

Name: RICHARD F. SEYMOUR

Title: Vice President Sales & Marketing

By: K. A. Dombrowski

Name: K. A. DOMBROWSKI

Title: DIRECTOR OF DOCUMENTATION Executed on this 13th day of July, 2001.

[CORPORATE SEAL]

STATE OF ILLINOIS

COUNTY OF COOK

I, SUSAN GROKULSKY, a Notary aforesaid, certify that RICHARD F. SEYMOUR personally appeared before me this day and acknowledged his/her due execution of the foregoing Notice of Termination of Lease and Termination of Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 13th day of July, 2001.

Susan Grokulsky
Notary Public

My Commission Expires:

8-14-2004
(Notary Public)



LESSEE:

INTERNATIONAL RAIL ROAD SYSTEMS INC.

ATTEST:

By: 

Name: Douglas Sandner

Title: President

By: _____

Name: _____

Title: _____

Executed on this 28 day of June, 2001.

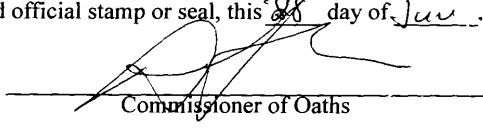
[CORPORATE SEAL]

PROVINCE OF British Columbia

DISTRICT OF Kootney

I, ANGELA GIBSON, a Commissioner of Oaths of the Province and District aforesaid, certify that Douglas Sandner personally appeared before me this day and acknowledged his/her due execution of the foregoing Notice of Termination of Lease and Termination of Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 28th day of June, 2001.


Commissioner of Oaths

My Commission Expires:

Non-expiring
(Notary Public)

ANGELA GIBSON
LAWYER
P.O. BOX 1030
GRAND FORKS, BC V0H 1H0